

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 1999-419-C - ORDER NO. 2000-0081

JANUARY 20, 2000

IN RE:	Application of New Edge Network, Inc. DBA	)	ORDER
	New Edge Networks for a Certificate of	)	GRANTING
	Public Convenience and Necessity to Provide	)	CERTIFICATE
	Facilities-Based and Resold Local Exchange	)	
	and Intrastate Interexchange	)	
	Telecommunications Services throughout the	)	
	State of South Carolina.	)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of New Edge Network, Inc. DBA New Edge Networks ("New Edge" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide both local exchange and long distance resold and facilities-based telecommunications services within the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1998) and the Regulations of the Public Service Commission of South Carolina.

By letter, the Commission's Executive Director instructed New Edge to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The proposed Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. New Edge complied with this instruction and provided the Commission with proof of publication of the Notice of Filing.

A Petition to Intervene was received from the South Carolina Telephone Coalition (“SCTC”). Counsel for SCTC filed with the Commission a Stipulation in which New Edge stipulated that it would seek authority only in non-rural local exchange (“LEC”) service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent’s service area, unless and until New Edge provided written notice of its intent prior to the date of the intended service. New Edge also stipulated that it was not asking the Commission to make a finding at this time regarding State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to New Edge provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on January 13, 2000, at 12:00 noon, in the Commission’s Hearing Room. The Honorable Philip T. Bradley, presided. New Edge was represented by Faye A. Flowers, Esquire. F. David Butler, General Counsel, represented the Commission Staff.

Robert Y. McMillin, Director of Regulatory Affairs for New Edge, appeared and offered testimony in support of New Edge’s application. The record reveals the Company is a Delaware corporation that has been granted authority to transact business in South Carolina. Mr. McMillin testified New Edge wants to provide broadband data services which primarily will consist of DSL services used for high-speed Internet access. New

Edge will offer DSL services on a wholesale basis to Internet Service Providers, competitive local exchange carriers (CLECs), and shared tenant service providers, who will, in turn, provide these services to their end user customers, including small and medium businesses, home office, telecommuters, distance learners, and other residential customers in need of high-speed Internet access.

New Edge additionally seeks authority and ultimately expects to offer local exchange services to single line and multi-line customers (including basic residential and business lines, PBX trunks, and private lines) and switched and special carrier access services to common carriers.

In addition, New Edge requests authority to offer interexchange services throughout the State of South Carolina, including both inbound and outbound intraLATA services. This offering will be accomplished through a combination of its own facilities and through the resale of the facilities of other certificated carriers.

According to Mr. McMillin, New Edge plans to collocate state-of-the-art telecommunications equipment (primarily Digital Subscriber Line Access Multiplexers, and Asynchronous Transfer Mode (ATM) routers) in central offices of incumbent local carriers and access unbundled loops. New Edge will obtain backbone transport services and facilities, including fiber-optic transmission facilities, from other certificated carriers. These transport services and facilities will be used to connect New Edge equipment collocated in various incumbent central offices with New Edge's network transmission equipment, to provide trunking to New Edge's ISP, CLEC, and shared tenant service

provider customers, and to connect New Edge's customers to certain IXC points of presence.

The testimony further shows that, if certificated, New Edge will offer 911 and enhanced 911 emergency services, directory assistance, operator services, dual party relay services, and other miscellaneous services through interconnection with the incumbent local exchange carrier or other certified providers.

McMillin testified that the employees of the Company had a combined 130 years experience in the telecommunications business.

New Edge requests that this Commission waive several of our telecommunications regulations. First, the Company asks for waiver of Regulation 103-631, which is the requirement that a carrier publish and distribute local exchange directories. New Edge notes that, since it does not currently plan to offer voices service for which publication of a directory is applicable, we should waive application of this Regulation. Second, New Edge requests a waiver of the map filing requirement set forth in Commission Regulation 103-612.2.3, on the grounds that the Company will be providing service on a resale basis and will merely mirror the service areas of the incumbent local exchange carriers. Further, New Edge requests a waiver of the requirement in Regulation 103-610 that all records required under the rules be kept within the State of South Carolina. New Edge will maintain its books in its Company headquarters in Vancouver, Washington, and believes that keeping a set of books in South Carolina for South Carolina operations would be unduly burdensome to the Company. Further, New Edge requests that it be exempt from any record-keeping rules or

regulations that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (USOA), which was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. Since New Edge would not be subject to rate base regulation, the Company requests permission to maintain its books in conformance with Generally Accepted Accounting Principles (GAAP). Finally, New Edge requests waivers of any reporting requirements.

### **FINDINGS OF FACT**

1. New Edge is organized as a corporation under the laws of Delaware and has received a certificate from the South Carolina Secretary of State to transact business within South Carolina as a foreign corporation.

2. New Edge wishes to provide local exchange services and interexchange services within the State of South Carolina.

3. The Commission finds that New Edge possesses the technical, financial, and managerial resources sufficient to provide the service requested.

4. The Commission finds that New Edge's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. §58-9-280(B)(3) (Supp. 1998).

5. The Commission finds that New Edge will support universally available telephone service at affordable rates.

6. The Commission finds that New Edge will provide services which will meet the service standards of the Commission.

7. The Commission finds that the provision of local exchange service by New Edge "does not otherwise adversely impact the public interest." S.C. Code Ann. §58-9-280(B)(5) (Supp. 1998).

8. The requested waivers of regulations are granted except for the Commission's reporting requirements.

### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to New Edge to provide competitive intrastate local exchange services only to customers located in non-rural areas of South Carolina. Any proposal to provide local exchange service to a customer in a rural incumbent LEC's service area is not included in the instant grant of authority. Further, the Company is granted authority to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. New Edge shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters.

3. With regard to the interexchange service offerings of New Edge, the Commission adopts a rate design which includes only maximum rate levels for each tariff

charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

4. New Edge shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. New Edge shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 6, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1998).

5. If it has not already done so by the date of issuance of this Order, New Edge shall file its revised long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. New Edge is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

7. With regard to the Company's resale of interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. New Edge shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If New Edge changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, New Edge shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

10. New Edge shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

11. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs New Edge to contact the appropriate



authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association (“SC NENA”) with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, New Edge, shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company’s operations as required by the 911 system.

12. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

New Edge shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the

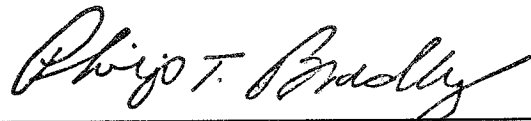
representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

13. New Edge shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

14. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission. All Commission reporting requirements shall be observed.

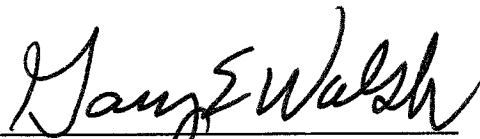
15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

**ANNUAL SURVEILLANCE INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S**

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COMPANY NAME

---

FEI NO.

---

ADDRESS

---

CITY, STATE, ZIP CODE

---

PHONE NUMBER

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR  
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_

\* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN  
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF  
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR ENDING  
\_\_\_\_\_

\* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION  
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT  
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS  
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3  
ABOVE).

---

SIGNATURE

---

NAME (PLEASE TYPE OF PRINT)

---

TITLE

## AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

### PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

\_\_\_\_\_  
Company Name ( Including dba Name(s) or Acronyms used or to be used in South Carolina)

\_\_\_\_\_  
Business Address

\_\_\_\_\_  
City, State, Zip Code

A.

\_\_\_\_\_  
General Manager Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

B.

\_\_\_\_\_  
Customer Relations (Complaints) Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

C.

\_\_\_\_\_  
Engineering Operations Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

D.

\_\_\_\_\_  
Test and Repair Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

E.

\_\_\_\_\_  
Contact for Emergencies During Non-Office Hours (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

F.

\_\_\_\_\_  
Financial Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

G.

\_\_\_\_\_  
Customer Contact Telephone Number for Company (Toll Free)

\_\_\_\_\_  
This form was completed by

\_\_\_\_\_  
Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)  
or Utilities Department at (803-896-5105).**

BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA

Docket No. 1999-419-C

Re: Application of New Edge Network, Inc. d/b/a )  
New Edge Networks for a Certificate of Public )  
Convenience and Necessity to Provide Resold )  
and Facilities-based Local Exchange and )  
Intrastate Interexchange Telecommunications )  
Services in the State of South Carolina )  
\_\_\_\_\_)

**STIPULATION**

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and New Edge Network, Inc. d/b/a New Edge Networks ("New Edge") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, the necessity for SCTC's intervention in this matter is avoided and SCTC withdraws its opposition to New Edge's Application. SCTC and New Edge stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to New Edge, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. New Edge stipulates and agrees that any Certificate which may be granted will authorize New Edge to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. New Edge stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. New Edge stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until New Edge provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, New Edge acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. New Edge stipulates and agrees that if New Edge gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or the Commission institutes a proceeding of its own, then New Edge will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. New Edge acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

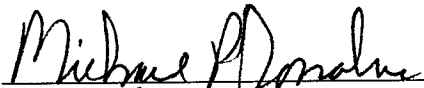
7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. New Edge agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. New Edge hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

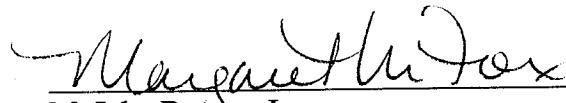
AGREED AND STIPULATED to this 7th day of January, ~~1999~~ <sup>2000</sup>.

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Attorneys for the South Carolina Telephone  
Coalition

## ATTACHMENT A

### South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.  
Bluffton Telephone Company, Inc.  
Chesnee Telephone Company  
Chester Telephone Company  
Farmers Telephone Cooperative, Inc.  
Ft. Mill Telephone Company  
Hargray Telephone Company, Inc.  
Heath Springs Telephone Company Inc.  
Home Telephone Company, Inc.  
Lancaster Telephone Company  
Lockhart Telephone Company  
McClellanville Telephone Company  
Norway Telephone Company  
Palmetto Rural Telephone Cooperative, Inc.  
Piedmont Rural Telephone Cooperative, Inc.  
Pond Branch Telephone Company  
Ridgeway Telephone Company  
Rock Hill Telephone Company  
Sandhill Telephone Cooperative, Inc.  
St. Stephen Telephone Company  
West Carolina Rural Telephone Cooperative, Inc.  
Williston Telephone Company